

Message Text

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PAGE 01 DHAHRA 01217 291130Z

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E.O. 11652: GDS
TAGS: ENRG, SA
SUBJECT: ARAMCO/SAUDI ARABIA-PARTICIPATION NEGOTIATIONS

1. A MIDDLE-LEVEL ARAMCO EXECUTIVE STATED TO CONGENOFF TODAY, SEPTEMBER 20, THAT AN AGREEMENT ON THE ARAMCO TAKEOVER BY SAG HAS BEEN REACHED IN DRAFT FORM. AROUND OCTOBER 10 (QUOTE MECHANICS UNQUOTE OF MEETING HAVE NOT BEEN COMPLETED) ALL PARTIES TO AGREEMENT WILL MEET IN SWITZERLAND AND THE ASSUMPTION IS THAT THIS WILL BE THE CONCLUDING SESSION. ARAMCO DOES NOT EXCLUDE THE POSSIBILITY OF A CERTAIN AMOUNT OF QUOTE NIGGLING UNQUOTE AIMED AT GAINING MINOR CHANGESIN WORDING, BUT BY AND LARGE THIS SESSION IS TO MAKE CERTAIN THERE IS AGREEMENT OVER THE ENGLISH AND ARABIC TRANSLATION. CONSEQUENTLY, A TRANSLATOR AND TYPIST ARE BEING INCLUDED IN THE ARAMCO PARTY TO HANDLE LAST MINUTE CHANGES IN THE FINAL AGREEMENT.

2. LATER, A SENIOR EXECUTIVE OF ARAMCO COMMENTED TO CONSUL GENERAL THATTHE TEMPO OF THE NEGOTIATIONS IS INCREASING BUT THAT AGREEMENT HAS NOT YET BEEN REACHED ON MANY ISSUES, QUOTE OR AT LEAST DETAILS UNQUOTE. THE EXECUTIVE THEN BACKED OFF A BIT AND ADDED THAT THE AMERICAN SIDE CONSIDERS
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PAGE 02 DHAHRA 01217 291130Z

THAT MANY DETAILS OR PROBLEM AREAS HAVE NOT BEEN RESOLVED

WELL ENOUGH FOR THE FINAL AGREEMENT TO BE SIGNED SOON. THE PROBLEM AREAS CAN ALL BE IGNORED UNTIL AFTER THE AGREEMENT IS SIGNED, BUT THEY QUOTE WILL GIVE US FITS FOR YEARS UNQUOTE AS ARAMCO ATTEMPTS TO ADMINISTER THE AGREEMENT BETWEEN SAG AND THE FOUR AMERICAN PARENTS. BUT, HE ADDED, THE SAG OFFICIALS MAY NOT BE AT ALL CONCERNED ABOUT REACHING CLEAR, DETAILED UNDERSTANDINGS ON SUCH OPERATIONAL POINTS SINCE SAG OFFICIALS WILL BE ABLE TO ENFORCE THEIR OWN INTERPRETATIONS EASILY ON THE AMERICAN OPERATORS AFTER THE AGREEMENT IS SIGNED.

3. EXECUTIVE NOTED YAMANI MAY APPEAR TO BE PAINTING HIMSELF INTO A CORNER BY TOO MUCH PUBLIC DISCUSSION OF THE EARLY SIGNING OF AN AGREEMENT WHICH ARAMCO THINKS IS NOT READY TO SIGN, BUT QUOTE WE KNOW, OF COURSE, THAT HE CAN ANNOUNCE THE AGREEMENT ANY DAY AND MAKE IT STICK UNQUOTE. THE SAG CAN THEN INTERPRET THE AGREEMENT ANY WAYDIT WISHES IN HANDLING THE MANY TROUBLE-SOME DETAILS ON WHICH NO REAL AGREEMENT HAS BEEN REACHED. THE AMERICAN EXECUTIVE CONCLUDED THAT PORTION OF THE DISCUSSION BY STATING THAT EVEN THOUGH QUOTE WE SEE MANY UNSETTLED AND TROUBLESOME AREAS AHEAD WE CAN ADMINISTER THE AGREEMENT AS IT IS NOW WRITTEN. UNQUOTE

4. THE SENIOR EXECUTIVE CONFIRMED THAT A MEETING IS PLANNED FOR SOMETIME IN OCTOBER, SOMEWHERE IN SWITZERLAND OTHER THAN IN GENEVA. FOR SECURITY REASONS, HE STATED, YAMANI WILL NOT ANNOUNCE IN ADVANCE THE PROPOSED MEETING SITE.

5. THE FOREGOING COMMENTS WERE PROVIDED BY THE SENIOR EXECUTIVE ON AN FYI BASIS AND WITH THE REQUEST THAT THEY BE HELD CLOSELY.
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